

FORTY-THIRD JUDICIAL DISTRICT

HAZEL PARK DIVISION

STATE OF MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name 43 JUDICIAL DISTRICT, HAZEL PARK DIV.	County OAKLAND
Fiscal Year End JUNE 30, 2006	Opinion Date AUGUST 25, 2006	Date Audit Report Submitted to State SEPTEMBER 11, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

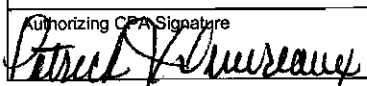
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) YOUNGBLOOD & DEVEREAUX, P.C.		Telephone Number 248-548-7766	
Street Address 225 S. TROY, #100		City ROYAL OAK	State MI
		Zip 48067	
Authorizing CPA Signature 		Printed Name PATRICK J. DEVEREAUX	License Number 1101009532

FORTY-THIRD JUDICIAL DISTRICT
HAZEL PARK DIVISION
STATE OF MICHIGAN

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

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YOUNGBLOOD & DEVEREAUX, P.C.

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OPINION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

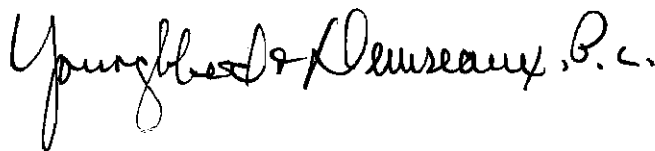
Honorable Judge Keith P. Hunt
District Court Judge
Forty-Third Judicial District
Hazel Park Division
State of Michigan

We have audited the financial statements of the Forty-Third Judicial District, Hazel Park Division, State of Michigan, as of and for the years ended June 30, 2006 and 2005, as listed in the table of contents. These financial statements are the responsibility of the administration of the Forty-Third Judicial District, Hazel Park Division, State of Michigan. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with accounting standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the administration, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Forty-Third Judicial District, Hazel Park Division, State of Michigan as of June 30, 2006 and 2005, and the receipts it received and distributions it paid for the years then ended, on the basis of accounting described in Note 1.



August 25, 2006

FORTY-THIRD JUDICIAL DISTRICT
Hazel Park Division
State of Michigan
Combined Statement of Assets and Liabilities
June 30, 2006 and 2005

ASSETS

	<u>2006</u>	<u>2005</u>
Checking account - General Account	\$ 20,749	\$ 22,868
Money market savings account - General Account	180,806	163,118
Petty cash - General Account	100	100
Checking account - Bond Trust Account	32,930	59,089
Due from City of Hazel Park - General Account	37	94
Due from City of Hazel Park - Bond Trust Account	<u>45</u>	<u>-</u>
Total Assets	<u>\$ 234,667</u>	<u>\$ 245,269</u>

LIABILITIES

Due to City of Hazel Park - General Account	\$ 151,234	\$ 140,669
Due to State of Michigan - Treasury Department - General Account	45,653	41,166
Due to State of Michigan - Secretary of State - General Account	1,845	1,980
Due to Oakland County - General Account	2,960	2,365
Bonds posted	<u>32,975</u>	<u>59,089</u>
Total Liabilities	<u>\$ 234,667</u>	<u>\$ 245,269</u>

The accompanying Notes to the Financial Statements
are an integral part of these statements

FORTY-THIRD JUDICIAL DISTRICT
Hazel Park Division
State of Michigan
Statement of Activity - General Account
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash balance - July 1	\$ 186,086	\$ 155,950
Receipts - page 3	<u>2,240,014</u>	<u>2,055,255</u>
Total Beginning Cash and Receipts	\$ 2,426,100	\$ 2,211,205
Distributions:		
City of Hazel Park	\$ 1,671,109	\$ 1,518,426
Oakland County (penal fines and motor carrier fees)	30,335	26,974
State of Michigan (Crime Victims' Rights Fund fees)	26,955	-
State of Michigan (state judgment fees)	-	450
State of Michigan (clearance fees)	24,645	24,615
State of Michigan (Juror Compensation Reimbursement fees)	24,715	50,527
State of Michigan (Civil Filing Fund fees)	67,027	64,810
State of Michigan (Justice System Fund fees)	<u>376,709</u>	<u>338,492</u>
Total Distributions	<u>\$ 2,221,495</u>	<u>\$ 2,024,294</u>
Cash Balance Before Other Receipts (Distributions)	\$ 204,605	\$ 186,911
Other Receipts (Distributions):		
Cash over (short)	\$ (73)	\$ 10
Transfers and prior year corrections - net	69	(19)
Transfer bank interest	(4,950)	(1,847)
Reimbursed bank fees	<u>2,004</u>	<u>1,031</u>
Total Other Receipts (Distributions)	<u>\$ (2,950)</u>	<u>\$ (825)</u>
Cash Balance - June 30	<u>\$ 201,655</u>	<u>\$ 186,086</u>
Checking account	\$ 20,749	\$ 22,868
Money market savings account	180,806	163,118
Petty cash	100	100
	<u>\$ 201,655</u>	<u>\$ 186,086</u>

The accompanying Notes to the Financial Statements
are an integral part of these statements

FORTY-THIRD JUDICIAL DISTRICT
Hazel Park Division
State of Michigan
Statement of Receipts - General Account
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Receipts (Ordinance):		
Penal fines	\$ 29,527	\$ 20,909
Penal costs	58,712	44,878
Ordinance fines and costs	1,344,828	1,218,206
Crime Victims' Rights Fund fees	30,400	28,780
Judgment fees	27	333
Bond forfeitures	37,941	31,935
Parking fines	17,735	29,439
Attorney fees	29,935	20,755
Probation breathalyzer test fees	21,128	21,738
Probation fees	43,720	39,757
Clearance fees	73,530	74,970
Jail reimbursement fees	379,881	342,790
Assessment fees	6,349	5,940
Pre-sentence fees	7,499	5,840
Motor carrier - misdemeanor	3,910	10,685
Motor carrier fees	4,678	15,896
Bench warrant service	<u>6,700</u>	<u>10,140</u>
Total Receipts (Ordinance)	\$ 2,096,500	\$ 1,922,991
Receipts (Civil):		
Civil filing fees	\$ 106,990	\$ 100,925
Garnishment, writs and subpoena fees	29,270	27,555
Marriage fees	-	10
Jury fees	450	400
Miscellaneous	3,673	2,398
Interest income	5,079	2,042
Bank fees	<u>(1,948)</u>	<u>(1,066)</u>
Total Receipts (Civil)	\$ 143,514	\$ 132,264
Total Receipts	<u>\$ 2,240,014</u>	<u>\$ 2,055,255</u>

The accompanying Notes to the Financial Statements
are an integral part of these statements

FORTY-THIRD JUDICIAL DISTRICT
Hazel Park Division
State of Michigan
Statement of Activity - Bond Trust Account
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Outstanding bonds - July 1	\$ 59,089	\$ 37,178
Receipts:		
Bonds posted	<u>274,486</u>	<u>347,718</u>
Total Beginning Cash and Receipts	\$ 333,575	\$ 384,896
Distributions:		
Bonds forfeited	\$ 37,941	\$ 31,935
Bonds refunded	74,039	99,570
Bonds used to pay fines and fees	162,502	153,452
Transfer to other accounts	<u>26,118</u>	<u>40,850</u>
Total Distributions	<u>\$ 300,600</u>	<u>\$ 325,807</u>
Outstanding bonds - June 30	<u>\$ 32,975</u>	<u>\$ 59,089</u>
Checking account	\$ 32,930	\$ 59,089
Due from City of Hazel Park - bank fees	45	-
	<u>\$ 32,975</u>	<u>\$ 59,089</u>

The accompanying Notes to the Financial Statements
are an integral part of these statements

FORTY-THIRD JUDICIAL DISTRICT
Hazel Park Division
State of Michigan
Notes to the Financial Statements
June 30, 2006 and 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Court functions as a Trust and Agency Fund. The money that it receives is held only until it is turned over to other governmental agencies or returned to individuals from whom it was collected.

Accounting Method

The Court records financial transactions using the cash basis of accounting. Receipts are recorded when actually received and distributions are recorded when actually paid out.

Cash Balances

The Court maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Court has not experienced any losses in these accounts nor does it believe it is exposed to any significant credit risk because of these balances.

2. GENERAL ACCOUNT

	<u>2006</u>	<u>2005</u>
Money market savings account – 3.78% (2.56%)	<u>\$ 180,806</u>	<u>\$ 163,118</u>

The General Account records the receipt and distribution of criminal, ordinance, and civil fines and fees. The distributions are made in accordance with allocations determined by the State Supreme Court Administrative Office.

State of Michigan - Treasury Department	Various portions of civil filing fees - \$14, \$28, \$42, or \$119 depending on the claim One-half civil motion fees 100% of judgment fees 100% of the Justice System fees - \$10, \$40, or \$45 per offense depending on the type or seriousness 20% of demand for jury fees One-third of clearance fees 90% of Crime Victims Rights Fund
State of Michigan - Secretary of the State	One-third of clearance fees
County	100% of penal fines 30% of motor carrier fees
City of Hazel Park	100% of remainder

FORTY-THIRD JUDICIAL DISTRICT
Hazel Park Division
State of Michigan
Notes to the Financial Statements
June 30, 2006 and 2005

3. BOND TRUST ACCOUNT

The Bond Trust Account records the receipt and distribution of bond money. Bonds are disposed of according to the Court's direction which can mean, (a) the bond is refunded to the person who posted it; (b) the bond is turned over to the General Account as a forfeiture or fine and cost and distributed as outlined in Note 2; (c) the bond is sent to another jurisdiction if the case is being transferred there or; (d) the bond is used to pay restitution.

An aging of the outstanding bonds:

	<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91-120</u>	<u>120+</u>	<u>Total</u>
2006	<u>\$16,040</u> (39)	<u>\$ 9,180</u> (19)	<u>\$4,005</u> (10)	<u>\$750</u> (3)	<u>\$3,000</u> (3)	<u>\$32,975</u> (74)
2005	<u>\$23,346</u> (58)	<u>\$22,775</u> (32)	<u>\$6,950</u> (13)	<u>\$500</u> (2)	<u>\$5,518</u> (9)	<u>\$59,089</u> (114)

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Honorable Judge Keith P. Hunt
District Court Judge
Forty-Third Judicial District
Hazel Park Division
43 East Nine Mile Road
Hazel Park, MI 48030

Re: Report of Comments and Recommendations

Dear Judge Hunt:

We recently completed an examination of the financial statements of the various accounts of the Forty-Third Judicial District, Hazel Park Division, State of Michigan for the year ended June 30, 2006, for the purpose of expressing our opinion on such statements. The nature and scope of such an examination does not contemplate a detailed review of systems and procedures, nor was one made in the present instance. However, during our examination, we observed certain accounting and administrative areas where we believe a comment is appropriate. These comments can be found on the attached page.

We wish to thank the personnel of the Court for their excellent cooperation with our firm during the course of the examination of the Court's records.

Very truly yours,

YOUNGBLOOD & DEVEREAUX, P.C.



Patrick J. Devereaux
Certified Public Accountant

August 25, 2006

cc: Treasurer, State of Michigan
Local Audit Division

FORTY-THIRD JUDICIAL DISTRICT
Hazel Park Division
State of Michigan
Comments and Recommendations
June 30, 2006

BONDS

The bonds are reconciled with the cash monthly using the Court's bond accounting program. Accurate bond information is readily available on a monthly basis

TRAFFIC/PARKING TICKETS AND RECEIPTS

The control of traffic/parking tickets continues to be very good. I had no trouble finding the tickets I needed for my testing. The tickets I did look at all seemed to be properly documented making it easy to follow them through the accounting system.